Declassified and Approved For Release 2013/02/19 : CIA-RDP90-00965R000605050016-2

ARTICLE APPEARED
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4 December 1986

Evidence of Important CIA Role in Sale Of Arms to Iran Is Being Investigated

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WASHINGTON – Justice Department and congressional investigators are pursuing new evidence that the Central Intelligence Agency played an important role in selling U.S. arms to Iran and funneling the profits to anti-communist rebels in Nicaragua.

The investigations of the Iran arms scandal so far have concentrated on the role of White House officials. But administration officials said yesterday that the CIA controlled some money generated by the secret arms sales, helped obtain the weapons from Pentagon stocks, and early this year tried to open a pipeline to ship U.S.-made arms from Israel to Iran through the African country of Zaire.

The new information conflicts with previous administration assertions that the CIA and its director, William Casey, weren't deeply involved in the Iranian arms deals. Mr. Casey told congressional officials Nov. 21 that his agency played only a peripheral role in sending arms to Iran.

The new developments, however, suggest that investigators are focusing increasingly on CIA activities as probes of the Reagan administration's covert activities continue to expand. The CIA yesterday denied reports, which first appeared in the Washington Post, that it had diverted funds to Nicaraguan rebels. Congress had barred the CIA from providing arms to the Nicaragua insurgents until Oct. 1. In response to questions about dealings with Zaire, a spokeswoman yesterday said the agency will disclose its activities to "the appropriate agencies" but won't comment on them publicly.

But other administration officials, speaking anonymously, said senior Israeli officials, acting in concert with the CIA, approached British businessman Roland "Tiny" Rowland this spring for help in secretly shipping U.S.-made arms, American grain, ball bearings, medical supplies, and other cargo from Zaire to Iran.

These sources said David Kimche, then Director General of the Israeli Foreign Ministry and a friend of Mr. Rowland, told the Briton that the operation had been planned in part by the CIA. The sources said officials in Zaire also had approved the proposed U.S.-Israeli covert operation.

But they said Mr. Rowland declined to participate after officials at the U.S. embassy in London told him they couldn't confirm that the proposal was sanctioned by the U.S. government. As a result, the sources said, the arms were flown to Iran last May 28 aboard a CIA-chartered Boeing 707 jet that took off from Israel but on its manifest listed its origin as Mombasa, Kenya.

The sources said Israeli and CIA officials had proposed using Zaire to help ship U.S. arms to Iran because the African nation maintains friendly relations with both the U.S. and Israel, and because covert weapons shipments to Iran could be intermingled with routine U.S. and Israeli arms sales to Zaire.

U.S. officials also said some CIA aid to Jonas Savimbi, the Angolan anti-communist guerrilla leader, has been delivered through Zaire. The Reagan administration decided a year ago to provide $15 million in covert aid to Mr. Savimbi's forces, who are fighting the Soviet and Cuban-backed regime in Luanda. The House of Representatives last Sept. 17 rejected a move to cut off the covert assistance to Mr. Savimbi's forces.

Query Made to Armacost

Sources said that when Mr. Rowland asked U.S. diplomats in London whether Washington had approved the proposed arms shipment, as Mr. Kimche had suggested, embassy officials contacted Michael Armacost, the undersecretary of state for political affairs. Mr. Armacost, the State Department's third-ranking official, told the embassy he thought plans to sell U.S. arms to Iran had been abandoned.

But State Department officials said that when the U.S. ambassador to Britain, Charles Price, spoke to the then-national security adviser John Poindexter, Mr. Poindexter didn't answer questions about the proposed arms shipment and suggested that Ambassador Price stop pursuing the matter.

Although embassy officials told Mr. Rowland they couldn't confirm that the proposed Zaire operation had been authorized, State Department officials at the time last May widely assumed the CIA was shipping American arms to Iran.

CIA Tied to Some of Profit

New evidence also suggests that in addition to arranging the delivery of U.S. arms to Iran, the CIA controlled some of the profits generated by the arms sales. Officials said Justice Department investigators believe that in the past few days they have uncovered evidence that some CIA officials knew about and controlled the flow of funds through a secret Swiss bank account from which millions of dollars were diverted to the Nicaraguan rebels.

According to intelligence sources, however, the exact flow of the funds remains unclear. While it appears some money from the arms sales was comingled with an existing CIA account in Switzerland, sources said the evidence indicated multiple accounts, some outside the CIA's control, eventually were opened to handle the transfer of funds to Nicaraguan insurgents.

Justice Department attorneys and the Federal Bureau of Investigation are believed to be stepping up efforts to unravel the CIA's role in the transactions. But in an unusual, on the record statement, the CIA maintained that "the only funds related to the Iran program that passed through agency hands" involved reimbursing the Pentagon for equipment. The CIA also said flatly that none of the funds it handled were diverted to Nicaraguan rebels.

Leaders of the anti-communist Contra groups have denied that they controlled or had access to any secret Swiss bank accounts.

However, other officials said they expect the issue to be one of the major questions confronting the independent counsel slated to take control of the investigation shortly.

When Attorney General Edwin Meese disclosed last week that at least $10 million of profit from the arms sales was diverted to the Nicaraguan rebels since the beginning of the year, he said that the money came from accounts "which were under the control of representatives of the forces in Central America" fighting the Nicaraguan government. "So far as we know at this time," Mr. Meese asserted during the same news conference, "no American person actually handled any of the funds" that went to the Nicaraguan rebels.

Last week, Mr. Meese also said that Mr. Casey, Secretary of State George Shultz and Defense Secretary Caspar Weinberger didn't authorize or know about the diversion of funds until the administration began its internal investigation of the matter.

In response to questions from reporters earlier this week, Mr. Meese indicated that Justice Department investigators have uncovered additional evidence about the details of the secret payments to the Contras, and that his earlier statements based on preliminary information probably were wrong in "some minor details." Mr. Meese and his spokesmen have declined to elaborate on those comments, and he has ordered all the officials working on the case not to talk about the investigation.

Meese Report May Add Information

Further information about the CIA's activities may become public in the next few days, when Mr. Meese files his formal request with a special appeals court panel for appointment of an independent prosecutor. The documents, which were still being drafted yesterday, are expected to spell out a number of statutes that may have been violated, including prohibitions against funneling funds to the Contras and laws barring the CIA and other agencies from using federal funds for purposes other than those determined by Congress.

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